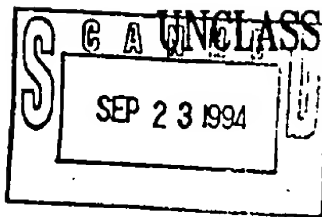


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1994/09/07



UNCLASSIFIED RELEASED
United States Department of State

Washington, D. C. 20520

September 7, 1994

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BRIEFING MEMORANDUM
UNCLASSIFIED S/S

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TO: P - Mr. Tarnoff
FROM: EAP - Winston Lord *W. Lord*
SUBJECT: Breakfast With Amcham Members

I. Purpose:

- o Commerce Secretary Brown spoke to huge crowds at his Amcham breakfast (transcript attached). Your event will be much more intimate, about 8-10 invitees, probably from the Amcham executive board. The Amcham will be listening for a consistent message from the political side of the administration on China policy.
- o They are likely to expect you to be somewhat more sober as a result of some of the more problematic elements in the U.S. - China relationship. You will want to emphasize that, although commercial relations are clearly important, the future of the U.S. - China relationship depends on progress on a wide range of issues including human rights and non-proliferation.
- o Explain, if asked, U.S. policy toward Taiwan and its potential effect on U.S. - China relations.
- o Address, if asked, administration plans regarding the possible lifting of remaining Tiananmen sanctions and the voluntary principles for doing business.

II. Key Points

Brown Trip

President Clinton made a courageous decision to delink MFN from human rights and the successful visit of Secretary Brown has demonstrated that the decision was the right one.

Secretary Brown's trip was extremely successful resulting in a significant increase in exports to China and movement on the commercial policy front as well.

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At the same time, the announcement of the continuation of our human rights dialogue between John Shattuck and Qin Huasun illustrated that, under the President's policy of engagement, we will continue to work for progress on other issues of importance to the United States.

Human Rights

Commercial interests are at the top of your agenda, but we must all recognize that in order to build and sustain broad support in the United States for a positive U.S. - China relationship, the administration must make progress on a wide range of issues important to the American people, including human rights and non-proliferation.

One approach is through the development of a voluntary set of principles for doing business. The administration is continuing to work with private sector representatives in Washington to develop a set of principles. The Beijing Amcham in May sent a letter to President Clinton volunteering to cooperate in this task and I would be interested in hearing your ideas on the subject.

Importance of Economics, China and GATT

While my portfolio is political I can assure you that within State and within the administration as a whole, economic issues -- and especially China economic issues -- are very much in the forefront of our thinking. We recognize that China is the world's most dynamic economy and offers enormous potential as a global market and as an important actor in global economic and trade issues.

To this end we are extremely interested in seeing China enter the GATT as soon as possible. The U.S. position has been consistent -- we neither accept nor set artificial deadlines for completion of the accession; we want China to enter on terms appropriate to China's economic and trade position; and on terms compatible with the spirit and rules of the GATT/WTO.

Lifting of Tiananmen Sanctions

The President has extended the existing Tiananmen sanctions, including those on OPIC, and TDA. Although technically not a Tiananmen sanction, AID has made a policy decision to treat its operations in China as if it were under Tiananmen sanctions. We see no change in this situation in the near future.

Attachments

1. Remarks
2. Secretary Brown's remarks delivered 8/29/94

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AMCHAM BREAKFAST REMARKS

September 13, 1994

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Brown Trip

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We must all recognize that in order to build and sustain broad support in the United States for a positive U.S. - China relationship, China must make progress on a wide range of important issues, including human rights and non-proliferation.

One approach will be the development of a voluntary set of principles for doing business. The administration is continuing to work with private sector representatives in Washington to develop a set of principles. The Beijing Amcham in May sent a letter to President Clinton volunteering to cooperate in this task and I would be interested in hearing your ideas on the subject.

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U.S. Policy Toward Taiwan

The Foreign Minister, Vice Foreign Minister and I mutually reaffirmed the principles of the three communiques and the "one-China" policy.

I emphasized to the Chinese government that the adjustments recently announced to our Taiwan policy are fully consistent with these communiques and the "one-China" policy.

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**These adjustments were made in light of the UNCLASSIFIED
commercial, trade, and other
people-to-people issues the U.S. has to
discuss with Taiwan, our sixth largest export
market and a member of APEC. Our
unofficial contacts with Taiwan remain
consistent with the "one-China" principles I
reaffirmed with the Foreign Minister and Vice
Foreign Minister.**

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